Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

PAGE 01 STATE 020560

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AMEMBASSY COPENHAGEN

C O N F I D E N T I A L STATE 020560

FOL RPT STATE 20560 ACTION JIDDA TEHRAN CARACAS KUWAIT LAGOS
JAKARTA BRASILIA LIMA KINGSTON BUENOS AIRES MEXICO KINSHASA
LUSAKA YAOUNDE CAIRO BELGRADE ALGIERS NEW DELHI USUN NEW YORK
ISLAMABAD OTTAWA TOKYO BERN MADRID STOCKHOLM CANBERRA LONDON
BONN PARIS BRUSSELS THE HAGUE ROME LUXEMBOURG DUBLIN 28 JAN,.

QUOTE

C O N F I D E N T I A L STATE 020560

KUWAIT POUCH BAGHDAD FOR ACTION

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: REPORTING REQUIREMENTS FOR WORK OF CIEC
COMMISSIONS

REF: A) STATE 9962 B) PARIS 1259

CONFIDENTIAL

PAGE 02 STATE 020560

1. THE SUBSTANTIVE WORK OF THE CONFERENCE ON INTERNATIONAL
ECONOMIC COOPERATION (CIEC) WILL BEGIN WHEN THE COMMISSIONS
FOR ENERGY, RAW MATERIALS, DEVELOPMENT AND FINANCE MEET
ON FEBRUARY 11. THESE COMMISSIONS WILL WORK THROUGHOUT
THE YEAR AND SUBMIT THEIR REPORTS AND RECOMMENDATIONS TO
THE SECOND CIEC MINISTERIAL IN APPROXIMATELY ONE YEAR.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

2. TO SUPPLEMENT OUR WORK ON DEVELOPING SUBSTANTIVE POSITIONS FOR THE COMMISSIONS AND GAINING SUPPORT FOR THEM, WE WILL NEED ON A CONTINUING BASIS ACTION POSTS' ASSESSMENT OF THE VIEWS OF YOUR HOST GOVERNMENT ON THE ISSUES IN THE COMMISSIONS IN WHICH THEY PARTICIPATE. IT IS ALSO IMPORTANT THAT WE BE ADVISED REGULARLY ON THE EVOLVING ATTITUDE OF YOUR CAPITAL TOWARD THE DIALOGUE IN GENERAL, THE IMPORTANCE WITH WHICH IT VIEWS EACH COMMISSION, AND HOW IT VIEWS THE POSITIONS AND ATTITUDES OF OTHER DIALOGUE PARTICIPANTS. ANY EVIDENCE OF DISSENSION WITHIN THE OPEC/LDC ALLIANCE AND REASONS THERE OR OR EVIDENCE TO THE CONTRARY WOULD BE PARTICULARLY USEFUL. USUN SHOULD

CONTRIBUTE TO THIS ASSESSMENT TO THE EXTENT POSSIBLE.

3. THE FOLLOWING PARAGRAPHS BRIEFLY SUUMARIZE OUR POLICY IN EACH COMMISSION AND LISTS KEY ISSUES THAT WILL PROBABLY BE RAISED FOR DISCUSSION IN EACH COMMISSION. SEE REFTEL B FOR OTHER ISSUES THE G-19 IS LIKELY TO RAISE. POSTS SHOULD NOT REPREAT NOT DISCUSS ANY OF WHAT FOLLOWS WITH HOST GOVERNMENT OFFICIALS. WE WANT POSTS' OWN ASSESSMENT OF THE HOST COUNTRY ATTITUDE AND LIKELY RESPONSE TO THE ISSUES LISTED FOR EACH COMMISSION IN WHICH THEY ARE PARTICIPANTS.

4. IN THE ENERGY COMMISSION, WE WANT TO MAKE THE CASE IN A NON-CONFRONTATIONAL MANNER FOR LOWER OIL PRICES. WE ALSO WANT TO SEEK SPECIFIC AREAS FOR COOPERATION BETWEEN PRODUCERS AND CONSUMERS FOR DEVELOPING NEW ENERGY SUPPLIES AND USING ENERGY MORE EFFICIENTLY. WE EXPECT THE OPEC COUNTRIES TO PRESS FOR INDEXATION OR SOME OTHER MECHANISM TO ENSURE MAINTENANCE OF VALUE OF THEIR OIL EXPORTS. WHAT IS THE ATTITUDE OF SAUDI ARABIA, IRAN, IRAQ, VENEZUELA, ALGERIA, BRAZIL, EGYPT, INDIA, JAMAICA,
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AND ZAIRE TOWARD:

-- THE IMPACT OF HIGH OIL PRICES ON THE WORLD ECONOMY;

-- THE IMPACT OF HIGH OIL PRICES ON THEIR OWN AND OTHER LDC'S BALANCE OF PAYMENTS AND DEVELOPMENT PLANS. THERE WAS EVIDENCE OF DIFFERENCE OF VIEWS WITHIN THE G-19 CAUCUS IN PARIS EARLIER THIS MONTH ON THE NEED TO TREAT BALANCE OF PAYMENTS IMPACT OF OIL PRICE INCREASES ON DEVELOPING COUNTRIES. ATTITUDES OF HOST GOVERMENTS ON THIS ISSUE WOULD BE PARTICULARLY HELPFUL.

-- THE IMPORTANCE OF SECURITY OF ENERGY SUPPLY OR SECURITY OF ENERGY MARKETS, AND THE CONNECTION BETWEEN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

THEM;

-- THE DEGREE TO WHICH LONG-TERM COOPERATION ON KEY ENERGY ISSUES IS PERCEIVED TO BE MUTUALLY BENEFICIAL;

-- THE NEED FOR THE TRANSFER OF WESTERN TECHNOLOGY TO ASSIST IN DEVELOPMENT OF LDC'S CONVENTIONAL AND NON-CONVENTIONAL ENERGY;

-- THE DEGREE TO WHICH HOST GOVERNMENTS WOULD FAVOR OR VIEW SUSPICIOUSLY OFFERS BY INDUSTRIAL COUNTRIES TO ASSIST IN EXPLORATION AND DEVELOPMENT OF THEIR ENERGY RESOURCES AND/OR TO USE ENERGY MORE EFFICIENTLY;

-- SECRETARY KISSINGER'S PROPOSAL FOR THE ESTABLISHMENT OF AN INTERNATIONAL ENERGY INSTITUTE TO COUPLE WESTERN TECHNOLOGY WITH OPEC FINANCE TO HELP LDCS COPE WITH THEIR ENERGY PROBLEMS; AND

-- INDEXATION OF OIL PRICES OR SOME OTHER MECHANISM TO MAINTAIN THE VALUE OF OIL EXPORTS.

5. IN THE RAW MATERIALS COMMISSION, WE WANT TO INCREASE UNDERSTANDING OF GENERAL COMMODITY ISSUES AND GIVE IMPETUS TO CONSIDERATION OF THE RELEVANT INITIATIVES OF THE SECRETARY IN OTHER FORUMS. WE DO NOT INTEND TO CONDUCT CONFIDENTIAL

COMMODITY NEGOTIATIONS IN THIS COMMISSION AND WILL EMPHA-SIZE, TO THE EXTENT POSSIBLE, DISCUSSION OF GENERAL COMMODITY ISSUES, WE WILL ALSO PUSH OUR PROPOSAL FOR ESTABLISHING PRODUCER/CONSUMER FORUMS FOR EACH KEY COMMODITY. REGARDING PERU, INDONESIA, NIGERIA, VENEZUELA, ARGENTINA, CAMEROON, MEXICO, YOGOSLAVIA, ZAIRE AND ZAMBIA:

-- WHAT COMMODITIES DO THEY INTEND TO EMPHASIZE IN THIS COMMISSION?

-- HOW STRONG IS THEIR INTEREST IN COMMODITY AGREEMENTS OR OTHER SIMILAR ARRANGEMENTS? WHAT TYPE OF TERMS DO THEY SEEK? HOW HARD WILL THEY PRESS FOR COMMIT-MENT BY THE COMMISSIONS FOR SUCH AGREEMENTS?

-- WHAT ARE THEIR VIEWS ON GENERAL COMMODITY SUB-JECTS SUCH AS UNCTAD'S INTEGRATED PROGRAM, COMPENSATORY FINANCING, INDEXATION OF COMMODITY PRICES, INVESTMENT AND TRADE POLICIES AS THEY RELATE TO COMMODITIES, ETC?

-- TO WHAT EXTENT CAN THEY BE EXPECTED TO REPRE-SENT THE INTERESTS OF OTHER LDCS NOT REPRESENTED ON THE COMMISSION IN ADDITION TO THEIR OWN.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

6. IN THE DEVELOPMENT COMMISSION, WE WILL SEEK TO DRAMATIZE THE CURRENT FINANCING NEEDS OF THE LDC'S AND TO HEIGHTEN LDC AWARENESS OF CONTRIBUTIONS OPEC CAN AND SHOULD MAKE IN THIS REGARD. IN ADDITION, WE WILL SEEK TO DRAW OPEC INTO THE ESTABLISHED INTERNATIONAL

COMMUNITY OF AID DONORS, TO BUILD CONSENSUS FOR SECRETARY KISSINGER'S UNGA SEVENTH SPECIAL SSESSION INITIATIVES, AND TO DEVELOP SUPPORT FOR U.S. VIEWPOINTS ON A BROAD RANGE OF MATTERS RELATED TO NORTH/SOUTH ISSUES UNDER CONSIDERATION IN OTHER FORUMS. WHAT IS THE ATTITUDE OF ALGERIA, ARGENTINA, CAMEROON, INDIA, JAMAICA, NIGERIA, PAKISTAN, SAUDI ARABIA, YUGOSLAVIA, AND ZAMBIA TOWARD:

-- IMMEDIATE FINANCIAL NEEDS OF NON-OIL LDCS, PARTICULARLY MSAS;
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-- NEED OF NON-OIL LDCS FOR INCREASED LONG-TERM DEVELOPMENT ASSISTANCE;

-- PROPOSALS FOR DEALING WITH LDC FINANCING NEEDS, PARTICULARLY THOSE CONTAINED IN THE SECRETARY'S UN SEVENTH SPECIAL SESSION ADDRESS.

-- RESPONSIBILITY OF OPEC TO INCREASE ITS AID AND DISTRIBUTE THIS AID TO A WIDER RANGE OF COUNTRIES;

-- CAPITAL MARKET ACCESS FOR LDC'S, INCLUDING THE PROPOSED INTERNATIONAL INVESTMENT TRUST.

-- OUR VARIOUS FOOD INITIATIVES, INCLUDING INCREASED FOOD AID, ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD), AND CREATION OF AN INTERNATIONAL GRAIN RESERVE;

-- TERMS OF TRADE, ACCESS TO MARKETS, AND ELIMINATION OF TARIFF AND NON-TARIFF BARRIERS;

-- NEED TO IMPROVE GSP;

-- LDC DEBT ISSUES

-- TRANSFER OF WESTERN TECHNOLOGY TO ACCELERATE LDC DEVELOPMENT

-- INVESTMENT ISSUES, INCLUDING A CODE OF CONDUCT FOR MULTINATIONAL CORPORATIONS AND THE NEED FOR AN INTERNATIONAL INVESTMENT INSURANCE SCHEME.

-- AID TARGETS, AID UNTYING AND INCREASING THE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

EFFECTIVENESS OF AID USAGE.

FURTHER, WE WOULD BE INTERESTED IN INFORMATION ON
HOW THE HOST GOVERNMENT INTENDS TO COORDINATE ITS

APPROACH ON THESE AND OTHER ISSUES IN THE VARIOUS ON -GO-
ING FORUMS E.G. UNCTAD VS CIEC.
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PAGE 06 STATE 020560

7. WE PREFER TO KEEP THE FINANCE COMMISSION IN THE BACKGROUND IN THE DIALOGUE AND TO EMPHASIZE PRIMARILY ITS ROLE AS AN EXPERTS' GROUP PROVIDING ADVICE TO THE OTHER COMMISSIONS ON FINANCIAL ISSUES. NEVERTHELESS, WE EXPECT THE LDCS TO INSIST ON DISCUSSING A NUMBER OF FINANCIAL ISSUES INDEPENDENT FROM THE WORK OF THE OTHER COMMISSIONS, AND WE ARE PREPARED TO DO SO IN VARIOUS CASES. THERE ARE, HOWEVER, TOPICS RELATED TO THE RESPONSIBILITIES OF THE IMF AND IBRD WHICH WE WILL RESIST DISCUSSING IN THE CIEC ON THE GROUNDS THEY ARE NOT WITHIN ITS MANDATE. MANY TOPICS MENTIONED IN THE G-19 LIST (REFTEL B) UNFORTUNATE-LY FALL IN THIS CATEGORY. WE NEED INFORMATION ON THE PRIORITIES OF BRAZIL, EGYPT, INDIA, INDONESIA, IRAN, IRAQ, MEXICO, PAKISTAN, SAUDI ARABIA, AND ZAMBIA ON TOPICS THAT MAY BE RAISED IN THE FINANCE COMMISSION. IN PARTICULAR (BUT NOT EXCLUSIVELY) WE WOULD LIKE TO KNOW THEIR VIEWS ON THE FOLLOWING TOPICS:

-- MAINTENANCE OF THE REAL VALUE OF PRODUCERS' FINANCIAL ASSETS THROUGH INDEXATION TO COMPENSATE FOR INFLATION AND EXCHANGE RATE GUARANTEES.

-- GUARANTEES AGAINST EXPROPRIATION, SEIZURE, ETC. OF OIL PRODUCERS' ASSETS.

-- TRIANGULAR INVESTMENTS COMBINING OPEC CAPITAL AND INDUSTRIALIZED COUNTRY TECHNOLOGY (AND POSSIBLY CAPITAL) IN INVESTMENTS IN DEVELOPING COUNTRIES.

-- DEVELOPED COUNTRY ASSISTANCE TO OPEC AND OTHER LDCS IN DEVELOPING THEIR DOMESTIC FINANCIAL AND CAPITAL MARKETS.

-- GLOBAL B/P POSITION (EMPHASIZE SITUATION OF NON-OIL LDC'S AND FINANCIAL EFFECTS IN LDCS OF ENERGY PRICES).

-- LDC ACCESS TO CAPITAL MARKETS, PARTICULARLY ISSUE OF INDUSTRIALIZE COUNTRY GUARANTEES.

CONFIDENTIAL

PAGE 07 STATE 020560

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

FYI: WE BELIEVE THE FIRST FOUR OF THESE TOPICS ARE LIKELY TO BE RAISED BY OPEC PARTICIPANTS. SAUDI ARABIA HAS EXPRESSED PARTICULAR INTEREST. THE TWO LATTER ITEMS ARE ONES WHICH WE TENTATIVELY PLAN TO SUBMIT TO THE FINANCE COMMISSION.

8. WE WILL KEEP POSTS ALERTED TO IMPORTANT DEVELOPMENTS IN THE COMMISSIONS TO FACILITATE YOUR CONTINUED REPORTING ON YOUR COUNTRY'S ROLE IN AND ATTITUDE TOWARD THE DIALOGUE.

9. USOECD AND USUN SHOULD BE INFO FOR ALL CIEC REPORTING.

10. IN RESPONDING, ADDRESSEE POSTS MAY REFERENCE PREVIOUS REPORTING AS APPROPRIATE. KISSINGER

UNQUOTE KISSINGER

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